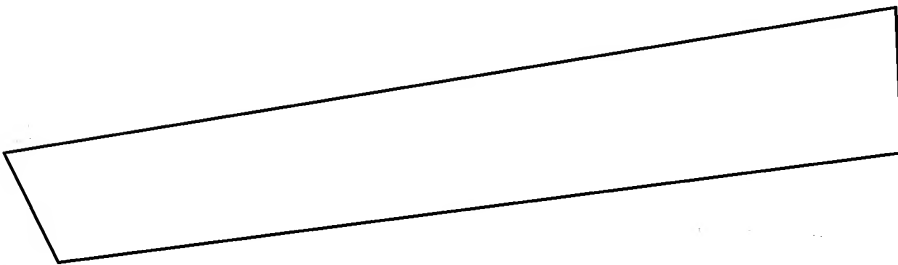


10-2513/2



STATINTL

Honorable William L. Dawson
House of Representatives
Washington 25, D. C.

Dear Mr. Dawson:

Your letter of April 5, 1956 requests information concerning reserves established in connection with moneys appropriated by the Congress for this Agency. As you are aware the provision of funds for this Agency and the authorities for expenditures vary somewhat from the normal appropriations procedures. Our budget is carefully reviewed by the appropriations subcommittees having jurisdiction in the House and the Senate, and the expenditures are closely coordinated with the Bureau of the Budget. Under our system reserves are infrequent, and during the period covered by your letter only one such reserve was established. The following information concerning that reserve is keyed to the paragraphs of your letter:

STATINTL

1. A reserve of [redacted] was established for the Central Intelligence Agency for fiscal year 1956.

2. No funds have been withheld or impounded or otherwise prevented from timely application for the purpose for which they were appropriated to this Agency by the Congress.

STATINTL

2. a. The [redacted] reserve referred to above was established in coordination with the Bureau of the Budget pursuant to the Presidential announcement of 26 June 1957 of the desirability of keeping fiscal year 1958 expenditures at a level not greater than those for fiscal year 1957.

6. The fund was established by agreement between the Agency and the Bureau of the Budget that the [] would not be apportioned until it could be determined whether the desired level of expenditures could be achieved by greater efficiency in operations without impairing the program contemplated in the budget for fiscal year 1958.

STATINTL

7. As indicated in 6. above it was expected that greater efficiency of operation of the Agency's activities would enable those planned for fiscal year 1958 to be carried out without utilizing the []

STATINTL

8. The request for the establishment of the reserve was made a matter of formal record at the time the original apportionment schedule was submitted to the Bureau of the Budget for approval.

9. Having completed three quarters of fiscal year 1958, it appears that the activities of the Agency originally budgeted for can be effectively completed during the balance of the year with the funds made available. Thus it appears that the establishment of the reserve did not have any adverse effect on the Agency or its program.

10. By agreement between the Agency and the Bureau of the Budget, the funds reserved were subsequently made available for operations which had not been specifically contemplated in the Agency's budget for the current fiscal year but which were consistent with and in furtherance of the authorized program for the Agency.

If you wish any further information concerning this report, I would be pleased to arrange a discussion of the matter with you.

Sincerely,

Allen W. Dulles
Director

OGC:LR H:jeb

DCI

DDCI

✓ A-DD/S

Comptroller

Legislative Counsel w/basic

General Counsel

25X1C4C
approved & signed
by [] OGC
forwarded by DDCI

STATINTL